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UNITED NATIONS PENSION SYSTEM

Report of the Fifth Committee

Rapporteur: Mr. Mahbub KABIR (Bangladesh)

I. INTRODUCTION

1. At its 3rd plenary meeting, on 24 September 1993, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its forty-eighth session the item entitled "United Nations pension system" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered this item at its 11th, 13th, 14th, 16th, 18th and 29th meetings, on 3, 8, 10, 12 and 16 November and 4 December 1993. Comments made in the course of the Committee's discussion of the item are reflected in the relevant summary records (A/C.5/48/SR.11, 13, 14, 16, 18 and 29).

3. For the consideration of this item, the Committee had before it the following documents

(a) Report of the United Nations Joint Staff Pension Board for 1993, 1/ including a draft resolution proposed for adoption by the General Assembly;

(b) The report of the International Civil Service Commission for 1993; 2/

(c) The report of the Advisory Committee on Administrative and Budgetary Questions (A/48/517);

1/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 9 and corrigendum (A/48/9 and Corr.1).

2/ Ibid., Supplement No. 30 (A/48/30 and Corr.1), chap. III.

(d) A statement submitted by the Secretary-General on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 1993 (A/C.5/48/18 and Corr.1).

4. The report of the United Nations Joint Staff Pension Board was introduced by the Second Vice-Chairman of the Board at the 11th meeting of the Fifth Committee, on 3 November (see A/C.5/48/SR.11).

II. CONSIDERATION OF DRAFT RESOLUTION A/C.5/48/L.4

5. At its 29th meeting, on 4 December, following informal consultations, the representative of Australia introduced a draft resolution entitled "United Nations pension system" (A/C.5/48/L.4).

6. At the same meeting, the Committee adopted draft resolution A/C.5/48/L.4 without a vote (see para. 7).

III. RECOMMENDATION OF THE FIFTH COMMITTEE

7. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

United Nations pension system

The General Assembly,

Recalling its resolutions 45/242 of 21 December 1990, 46/191 and 46/192 of 20 December 1991 and 47/203 of 22 December 1992,

Having considered the report of the United Nations Joint Staff Pension Board for 1993 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund, 3/ chapter III of the report of the International Civil Service Commission, 4/ and the related report of the Advisory Committee on Administrative and Budgetary Questions, 5/

3/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 9 (A/48/9 and Corr.1).

4/ Ibid., Supplement No. 30 (A/48/30 and Corr.1).

5/ A/48/517.

I

PENSIONABLE REMUNERATION OF STAFF IN THE GENERAL SERVICE AND RELATED CATEGORIES

Recalling that, in section III of its resolution 45/242 of 21 December 1990, the General Assembly requested the International Civil Service Commission, in full cooperation with the United Nations Joint Staff Pension Board, to submit recommendations to the Assembly at its forty-sixth session in respect of the comprehensive review of the methodology for determining the pensionable remuneration and consequent pensions of staff in the General Service and related categories,

Also recalling section III of its resolution 46/191 of 20 December 1991, section II of its resolution 46/192 of the same date and section III of its resolution 47/203 of 22 December 1992,

Noting with satisfaction that close cooperation between the Commission and the Board has enabled the two bodies to complete the comprehensive review in 1993 and to reach agreement on the methodology for determining the levels of pensionable remuneration of staff in the General Service and related categories,

1. Approves the recommendations made by the Commission that the income replacement approach, applying 66.25 per cent of the net pensionable salary, should be used to determine the pensionable remuneration for staff in the General Service and related categories, and that the revised methodology should be implemented on the occasion of the first adjustment of the salary scale, on or after 1 April 1994, subject to the transitional measures applied on the occasion of the introduction of the 1992 staff assessment scale; 6/

2. Notes that the recommendations of the Commission in paragraph 85 of its report do not eliminate the income inversion anomaly and that further attention will need to be given to its elimination;

3. Approves the recommendation that subsequent adjustments of pensionable remuneration, until the introduction of the common staff assessment scale in 1997, should be made on the basis of a 1:1 interim adjustment procedure; 7/

4. Approves also the procedure outlined in the report of the Commission 8/ for determining the common staff assessment scale, with two separate sets of rates (single and dependent);

6/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, para. 88.

7/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30, para. 99 (c) and (e).

8/ Ibid., Forty-eighth Session, Supplement No. 30 (A/48/30), para. 44.

5. Requests the Commission, in close cooperation with the Board, as part of the comprehensive review in 1996 of the methodology to determine the pensionable remuneration and consequent pensions of staff in the Professional and higher categories, to develop a common staff assessment scale for the determination of the pensionable remuneration of all categories of staff using the procedure approved in paragraph 4 above and reflecting the latest available tax rates;

6. Requests also that the Commission recommend to the General Assembly at its fifty-first session a common staff assessment scale, together with the effective date and modalities for its implementation, including appropriate transitional measures as required;

7. Decides that, following the introduction of the common staff assessment scale in 1997, the income replacement approach should be used to determine the pensionable remuneration of staff in the General Service and related categories on the occasion of comprehensive salary surveys, with subsequent adjustment of pensionable remuneration between comprehensive surveys to be made on the basis of a 1:1 interim adjustment procedure;

8. Notes that the Commission, in close cooperation with the Board, will continue to keep under review the matter of the pensionable remuneration and consequent pensions of staff in the General Service and related categories;

9. Amends, with effect from 1 April 1994, article 54 (b) of the Regulations of the United Nations Joint Staff Pension Fund 9/ as set out in annex I to the present resolution;

10. Amends also, with effect from 1 April 1994, paragraph 6 of annex I of the United Nations Staff Regulations as set out in annex II to the present resolution; and urges the other member organizations of the United Nations Joint Staff Pension Fund to take similar action to amend their Staff Regulations or Staff Rules as appropriate.

II

ACTUARIAL MATTERS

1. Takes note of the observations of the United Nations Joint Staff Pension Board in section III.C of its report 3/ on the methodology and assumptions to be used in the actuarial valuation of the United Nations Joint Staff Pension Fund as at 31 December 1993, in particular the changes in the rates of mortality for pensioners and the rates of incidence of disability as set out in paragraphs 108 and 109, respectively, of the report of the Board;

2. Takes note also of the observations of the Panel of External Auditors, of the Pension Board and the Committee of Actuaries, as well as the views of Member States, on the request made by the General Assembly in resolution 47/203 that the Board consider the form in which it presents the results of the

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9/ JSPB/G.4/Rev.14.

actuarial valuations, and of the intention of the Board to report on this matter, following discussion with the Board of Auditors, to the forty-ninth session of the Assembly;

3. Takes note further of the observations of the Board in section III.C of its report 3/ on matters related to the operation and application of the transfer agreements that had been concluded, effective 1 January 1981, between the United Nations Joint Staff Pension Fund and the former Union of Soviet Socialist Republics, the Ukrainian Soviet Socialist Republic and the Byelorussian Soviet Socialist Republic.

III

ADMINISTRATIVE EXPENSES

1. Approves expenses chargeable directly to the Fund, totalling $39,291,900 net for the biennium 1994-1995, and an increase in expenses of $365,400 net for the biennium 1992-1993, for the administration of the Fund;

2. Authorizes the United Nations Joint Staff Pension Board to supplement the voluntary contributions to the Emergency Fund, for the biennium 1994-1995, by an amount not exceeding $200,000.

IV

OTHER MATTERS

Takes note of the other matters dealt with in the report of the United Nations Joint Staff Pension Board.

ANNEX I

Amendment to the Regulations of the United Nations Joint Staff Pension Fund 9/

Article 54

Pensionable remuneration

(a) In the case of participants in the General Service and related categories, pensionable remuneration shall be the equivalent in dollars of the sum of:

(i) The participant's gross pensionable salary, as determined on the occasion of comprehensive salary surveys and subsequently adjusted between such salary surveys, in accordance with the methodology approved by the General Assembly and set out in appendix A to these Regulations,

[No change in subparagraphs (ii) and (iii); in paragraph (b), the reference to "the appendix hereto" would be changed to "Appendix B hereto".]

Appendix A

1. Methodology for determining the gross pensionable salary for participants in the General Service and related categories

(a) Effective 1 April 1994, and subject to (b) below, the methodology for determining the gross pensionable salary for participants in the General Service and related categories on the occasion of comprehensive salary surveys shall be as follows:

(i) 66.25 per cent of the net pensionable salary, determined in accordance with the procedure approved by the International Civil Service Commission, 10/ is calculated at each grade and step;

(ii) The amounts in (i) above are grossed up, using the applicable staff assessment rates;

(iii) The amounts in (ii) above, divided by 0.6625 and expressed in local currency, constitute the gross pensionable salary.

(b) The methodology in (a) above shall be applied on the occasion of the first adjustment owing to the application of the interim adjustment procedure for net salaries on or after 1 April 1994, should such adjustment take place before a comprehensive salary survey.

2. Adjustment of the gross pensionable salary between comprehensive salary surveys

The gross pensionable salary shall be adjusted on the same date and by the same percentages as the net pensionable salary of participants in the General Service and related categories is adjusted.

ANNEX II

Amendment to the Staff Regulations of the United Nations 11/

Add the following sentence at the end of paragraph 6 of annex I of the Staff Regulations:

10/ Under the methodology approved by the International Civil Service Commission, the net pensionable salary is the net salary in the salary scales less the non-pensionable component, if any, with the latter being shown separately in the salary scales.

11/ ST/SGB/Staff Regulations/Rev.22.

"The gross pensionable salaries of such staff shall be determined in accordance with the methodology specified in article 54 of the Regulations of the United Nations Joint Staff Pension Fund and are shown in the salary scales applicable to such staff."